

**STATEMENT OF
COMMISSIONER MICHAEL O'RIELLY**

Re: *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, *Universal Service Contribution Methodology*, WC Docket No. 06-122, *A National Broadband Plan for Our Future*, GN Docket No. 09-51.

Over the past few years, the Commission has undertaken significant reforms to how universal service support is distributed, but has not addressed how such funding is collected from carriers and, ultimately, from American ratepayers, who are already paying fees of approximately 16% on their phone bills to sustain the current subsidy system. Moreover, because there is no overall cap on the universal service fund, the spending reforms are putting increased pressure on an ailing contributions system. Accordingly, I will support this referral.

As we start down this important path, however, I would caution that contributions reform should not be seen as a backdoor way of increasing the size of the universal service fund or imposing new fees on the Internet. For example, I would be concerned by any effort to assess IP addresses. I hope that the Joint Board, and ultimately the Commission, will consider reforms that modernize contributions without inhibiting broadband investment or imposing additional burdens on the consumers that pay to support universal service.